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Consolidated Financial Results for the First Quarter Ended June 30, 2019 [Japanese GAAP]

August 8, 2019

Company name : Kumagai Gumi Co., Ltd.
 Stock exchange listings : Tokyo Stock Exchange, 1st Section
 Securities code : 1861 URL : <https://www.kumagaigumi.co.jp/>
 Representative : Yasunori Sakurano, President
 Contact : Chihiro Nosaka, General Manager, Accounting Department, Administration Division
 Tel. 03-3235-8606
 Date of filing of quarterly securities report : August 8, 2019
 Scheduled date of dividend payment : —
 Supplemental materials for quarterly financial results : None
 Presentation on quarterly financial results : None

(Rounded down to the nearest million yen)

1. Consolidated Results for the First Quarter Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(1) Consolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019 1st Quarter	89,142	11.1	3,665	80.1	3,909	90.2	3,920	180.5
FY2018 1st Quarter	80,238	4.9	2,034	(23.7)	2,055	(25.8)	1,397	(35.6)

(Note) Comprehensive income FY2019 1st Quarter 2,527 million yen 65.2% FY2018 1st Quarter 1,529 million yen (39.2%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 1st Quarter	84.13	—
FY2018 1st Quarter	29.94	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019 1st Quarter	331,847	132,734	40.0	2,848.30
FY2018	353,718	134,883	38.1	2,894.41

(Reference) Owner's equity FY2019 1st Quarter 132,734 million yen FY2018 134,883 million yen

2. Dividends

	Annual cash dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	—	—	—	100.00	100.00
FY2019	—	—	—	—	—
FY2019 (forecast)	—	—	—	120.00	120.00

(Note) Revision to the latest forecasts of cash dividends announced : None

3. Forecast of Consolidated Operating Results for FY2019 (April 1, 2019 – March 31, 2020)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2019	426,000	9.5	28,000	5.8	28,000	5.4	20,300	52.5	435.61

(Note) Revision to the latest forecasts of consolidated operating results announced : Yes

※ Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries that resulted in a change in the scope of consolidation) : None

(2) Application of specific accounting for quarterly consolidated financial statements : None

(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatements

① Changes in accounting policies due to the revision of the accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : None

④ Retrospective restatements : None

(4) Number of shares issued (common stock)

(Shares)

① Number of shares issued at the end of the period (including treasury stocks)

② Number of treasury stocks at the end of the period

③ Average number of shares outstanding during the period
(quarterly cumulative total)

FY2019 Q1	46,805,660	FY2018	46,805,660
FY2019 Q1	204,468	FY2018	204,179
FY2019 Q1	46,601,322	FY2018 Q1	46,674,198

※ "Kessan Tanshin" is not subject to the quarterly review.

※ Explanation regarding the appropriate use of forecasts of operating results, and other specific comments

The financial forecast of operating results in this document are based on information available at present and logical assessments. Actual results may be materially different from expectations due to a variety of factors.

(Reference) Summary of Nonconsolidated Financial Results

(Rounded down to the nearest million yen)

1. Nonconsolidated Results for the First Quarter Ended June 30, 2019 (April 1, 2019 – June 30, 2019)

(1) Nonconsolidated Operating Results

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2019 1st Quarter	71,426	10.7	3,055	87.2	3,542	51.1	2,448	32.9
FY2018 1st Quarter	64,545	8.5	1,632	(22.0)	2,344	(18.5)	1,842	(26.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2019 1st Quarter	52.42	—
FY2018 1st Quarter	39.38	—

(2) Nonconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2019 1st Quarter	274,795	106,323	38.7	2,276.28
FY2018	294,950	109,973	37.3	2,354.40

(Reference) Owner's equity FY2019 1st Quarter 106,323 million yen FY2018 109,973 million yen

2. Forecast of Nonconsolidated Operating Results for FY2019 (April 1, 2019 – March 31, 2020)

(Percentage figures are changes from the same period in the previous fiscal year)

	Net sales of completed construction contracts		Ordinary income		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
FY2019	342,000	11.4	23,400	7.4	16,000	13.0	342.54

(Note) Revision to the latest forecasts of nonconsolidated operating results announced : None

1. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheet

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 1st Quarter (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	82,449	114,449
Notes receivable, accounts receivable from completed construction contracts and other	175,696	124,384
Costs on uncompleted construction contracts	7,300	7,669
Other	22,694	21,830
Allowance for doubtful accounts	(191)	(137)
Total current assets	287,949	268,196
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,746	7,585
Land	14,587	14,762
Other, net	3,501	2,833
Total property, plant and equipment	24,836	25,180
Intangible assets	484	510
Investments and other assets		
Investment securities	24,438	22,476
Deferred tax assets	11,045	10,571
Other	5,070	5,031
Allowance for doubtful accounts	(189)	(190)
Total investments and other assets	40,365	37,888
Total non-current assets	65,686	63,580
Deferred assets		
Share issuance cost	82	70
Total deferred assets	82	70
Total assets	353,718	331,847

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 1st Quarter (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	86,893	68,180
Electronically recorded obligations – operating	33,172	29,895
Short-term loans payable	3,030	2,948
Advances received on uncompleted construction contracts	14,739	17,034
Deposits received	19,411	28,962
Provision for warranties for completed construction	467	453
Provision for loss on construction contracts	626	588
Provision for contingent loss	10,736	9,986
Provision for loss on anti-monopoly act	3,933	2,622
Provision for bonuses	3,911	1,619
Other	14,218	10,289
Total current liabilities	191,141	172,581
Non-current liabilities		
Long-term loans payable	9,819	9,755
Provision for stock payments	42	55
Retirement benefit liability	16,499	16,423
Other	1,331	297
Total non-current liabilities	27,692	26,531
Total liabilities	218,834	199,113
Net assets		
Shareholders' equity		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	77,642	76,886
Treasury shares	(426)	(427)
Total shareholders' equity	132,481	131,724
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,501	1,084
Foreign currency translation adjustment	349	343
Remeasurements of defined benefit plans	(449)	(418)
Total accumulated other comprehensive income	2,402	1,009
Total net assets	134,883	132,734
Total liabilities and net assets	353,718	331,847

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income (Cumulative total)

(millions of yen)

	FY2018 1st Quarter (Apr 1, 2018—June 30, 2018)	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)
Net sales of completed construction contracts	80,238	89,142
Cost of sales of completed construction contracts	73,630	80,795
Gross profit on completed construction contracts	6,608	8,346
Selling, general and administrative expenses	4,573	4,680
Operating income	2,034	3,665
Non-operating income		
Interest income	12	21
Dividend income	171	174
Share of profit of entities accounted for using equity method	13	79
Foreign exchange gains	2	—
Reversal of allowance for doubtful accounts	45	53
Other	17	18
Total non-operating income	263	347
Non-operating expenses		
Interest expenses	56	48
Foreign exchange losses	—	15
Commission for syndicate loan	159	9
Amortization of share issuance cost	12	12
Other	13	18
Total non-operating expenses	243	104
Ordinary income	2,055	3,909
Extraordinary income		
Gain on sales of non-current assets	1	1
Gain on sales of memberships	0	—
Reversal of provision for loss on anti-monopoly act	—	1,311
Total extraordinary income	2	1,312
Extraordinary losses		
Loss on retirement of non-current assets	1	4
Loss on reduction of non-current assets	0	—
Compensation for damage	—	120
Other	0	7
Total extraordinary losses	1	131
Profit before income taxes	2,055	5,089
Income taxes – current	70	83
Income taxes – deferred	587	1,085
Total income taxes	658	1,169
Profit	1,397	3,920
Profit attributable to owners of parent	1,397	3,920

Quarterly consolidated statement of comprehensive income (Cumulative total)

(millions of yen)

	FY2018 1st Quarter (Apr 1, 2018—June 30, 2018)	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)
Profit	1,397	3,920
Other comprehensive income		
Valuation difference on available-for-sale securities	249	(1,415)
Foreign currency translation adjustment	(132)	(6)
Remeasurements of defined benefit plans, net of tax	14	30
Share of other comprehensive income of entities accounted for using equity method	1	(1)
Total other comprehensive income	132	(1,392)
Comprehensive income	1,529	2,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,529	2,527
Comprehensive income attributable to non-controlling interests	—	—

2. Quarterly Nonconsolidated Financial Statements

(1) Quarterly nonconsolidated balance sheet

	(millions of yen)	
	Prior Fiscal Year (As of March 31, 2019)	Current 1st Quarter (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	63,012	89,683
Notes receivable, accounts receivable from completed construction contracts and other	149,141	105,245
Costs on uncompleted construction contracts	5,943	6,634
Other	23,174	21,605
Allowance for doubtful accounts	(166)	(119)
Total current assets	241,106	223,051
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,963	3,851
Land	11,654	11,811
Other, net	1,638	942
Total property, plant and equipment	16,256	16,604
Intangible assets	337	374
Investments and other assets		
Investment securities	12,308	11,540
Deferred tax assets	9,025	8,685
Other	15,856	14,490
Allowance for doubtful accounts	(22)	(21)
Total investments and other assets	37,167	34,694
Total non-current assets	53,761	51,673
Deferred assets		
Share issuance cost	82	70
Total deferred assets	82	70
Total assets	294,950	274,795

(millions of yen)

	Prior Fiscal Year (As of March 31, 2019)	Current 1st Quarter (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	66,507	50,966
Electronically recorded obligations – operating	33,174	29,895
Short-term loans payable	2,808	2,726
Lease obligations	20	20
Advances received on uncompleted construction contracts	13,487	15,484
Deposits received	17,803	26,496
Provision for warranties for completed construction	417	401
Provision for loss on construction contracts	450	423
Provision for contingent loss	10,719	9,969
Provision for bonuses	2,614	944
Other	12,780	8,055
Total current liabilities	160,783	145,384
Non-current liabilities		
Long-term loans payable	9,780	9,721
Lease obligations	52	47
Provision for stock payments	42	55
Provision for retirement benefits	13,225	13,199
Other	1,092	63
Total non-current liabilities	24,193	23,087
Total liabilities	184,977	168,471
Net assets		
Shareholders' equity		
Capital stock	30,108	30,108
Capital surplus	25,157	25,157
Retained earnings	52,559	50,331
Treasury shares	(300)	(301)
Total shareholders' equity	107,524	105,295
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,448	1,028
Total valuation and translation adjustments	2,448	1,028
Total net assets	109,973	106,323
Total liabilities and net assets	294,950	274,795

(2) Quarterly nonconsolidated statement of income (Cumulative total)

(millions of yen)

	FY2018 1st Quarter (Apr 1, 2018—June 30, 2018)	FY2019 1st Quarter (Apr 1, 2019—June 30, 2019)
Net sales of completed construction contracts	64,545	71,426
Cost of sales of completed construction contracts	59,571	64,916
Gross profit on completed construction contracts	4,974	6,510
Selling, general and administrative expenses	3,341	3,455
Operating income	1,632	3,055
Non-operating income		
Interest income	11	5
Dividend income	867	503
Foreign exchange gains	4	—
Other	65	75
Total non-operating income	949	584
Non-operating expenses		
Interest expenses	54	46
Foreign exchange losses	—	7
Commission for syndicate loan	159	9
Amortization of share issuance cost	12	12
Other	10	19
Total non-operating expenses	237	96
Ordinary income	2,344	3,542
Extraordinary income		
Gain on sales of memberships	0	—
Total extraordinary income	0	—
Extraordinary losses		
Compensation expenses	2	—
Compensation for damage	—	120
Other	0	7
Total extraordinary losses	2	127
Profit before income taxes	2,342	3,415
Income taxes – current	5	(0)
Income taxes – deferred	494	967
Total income taxes	500	967
Profit	1,842	2,448

3. Supplementary Information

(1) Orders received, net sales and carried-forward (Nonconsolidated)

(millions of yen)

	FY2018 1st Quarter Apr 1, 2018—June 30, 2018		FY2019 1st Quarter Apr 1, 2019—June 30, 2019		Change	
	Amount	Composition ratio %	Amount	Composition ratio %	Amount	%
Public	4,071	3.7	4,202	27.2	130	3.2
Private	66,854	60.2	4,211	27.3	(62,642)	(93.7)
Domestic	70,925	63.9	8,413	54.5	(62,512)	(88.1)
Overseas	—	—	—	—	—	—
Civil engineering	70,925	63.9	8,413	54.5	(62,512)	(88.1)
Public	2,874	2.6	1,378	9.0	(1,496)	(52.0)
Private	37,118	33.5	5,637	36.5	(31,481)	(84.8)
Domestic	39,993	36.1	7,016	45.5	(32,977)	(82.5)
Overseas	19	0.0	0	0.0	(18)	(94.9)
Building construction	40,012	36.1	7,017	45.5	(32,995)	(82.5)
Public	6,946	6.3	5,580	36.2	(1,365)	(19.7)
Private	103,972	93.7	9,848	63.8	(94,123)	(90.5)
Domestic	110,919	100.0	15,429	100.0	(95,489)	(86.1)
Overseas	19	0.0	0	0.0	(18)	(94.9)
Orders received—Total	110,938	100	15,430	100	(95,507)	(86.1)
Public	13,236	20.5	14,222	19.9	985	7.4
Private	10,259	15.9	11,823	16.6	1,563	15.2
Domestic	23,495	36.4	26,045	36.5	2,549	10.9
Overseas	3	0.0	—	—	(3)	(100.0)
Civil engineering	23,498	36.4	26,045	36.5	2,546	10.8
Public	5,259	8.1	3,812	5.3	(1,446)	(27.5)
Private	35,425	54.9	41,508	58.1	6,083	17.2
Domestic	40,684	63.0	45,320	63.4	4,636	11.4
Overseas	361	0.6	60	0.1	(301)	(83.3)
Building construction	41,046	63.6	45,381	63.5	4,335	10.6
Public	18,495	28.6	18,034	25.2	(460)	(2.5)
Private	45,684	70.8	53,331	74.7	7,646	16.7
Domestic	64,180	99.4	71,366	99.9	7,185	11.2
Overseas	364	0.6	60	0.1	(304)	(83.4)
Net sales—Total	64,545	100	71,426	100	6,881	10.7
Public	81,943	17.5	64,113	12.4	(17,830)	(21.8)
Private	139,730	29.7	136,606	26.6	(3,123)	(2.2)
Domestic	221,673	47.2	200,720	39.0	(20,953)	(9.5)
Overseas	10	0.0	—	—	(10)	(100.0)
Civil engineering	221,684	47.2	200,720	39.0	(20,964)	(9.5)
Public	29,409	6.2	36,367	7.1	6,957	23.7
Private	218,740	46.6	277,265	53.9	58,525	26.8
Domestic	248,149	52.8	313,632	61.0	65,483	26.4
Overseas	31	0.0	42	0.0	11	37.5
Building construction	248,180	52.8	313,675	61.0	65,494	26.4
Public	111,352	23.7	100,480	19.5	(10,872)	(9.8)
Private	358,470	76.3	413,872	80.5	55,401	15.5
Domestic	469,823	100.0	514,352	100.0	44,529	9.5
Overseas	42	0.0	42	0.0	0	1.6
Carried-forward—Total	469,865	100	514,395	100	44,530	9.5

(Note) The carried-forward amount of overseas work has been translated at the closing rate.

FY2018 1st Quarter : Increased by 3 million yen FY2019 1st Quarter : Decreased by 1 million yen

(2) Financial Highlights

Consolidated

(100 millions of yen)

(Operating Results)

	A FY2018 1st Quarter	B FY2019 1st Quarter	B - A	
				%
Net sales	802	891	89	11.1
Gross profit	66	83	17	26.3
(Ratio)	8.2%	9.4%	1.2%	
SG&A expenses	46	47	1	
Operating income	20	37	16	80.1
(Ratio)	2.5%	4.1%	1.6%	
Non-operating income - net	0	2	2	
Ordinary income	21	39	19	90.2
Extraordinary income - net	0	12	12	
Profit before income taxes	21	51	30	147.6
Income taxes and others	7	12	5	
Profit attributable to owners of parent	14	39	25	180.5

(Forecasts of Operating Results for Full year)

C FY2018 Result	D FY2019 Initial Forecasts	E FY2019 Revised Forecasts	E - C		E - D	
				%		%
3,891	4,260	4,260	369	9.5	—	—
455	484	484	29	6.3	—	—
11.7%	11.4%	11.4%	(0.3%)		—	
191	204	204	13		—	
265	280	280	15	5.8	—	—
6.8%	6.6%	6.6%	(0.2%)		—	
1	0	0	(1)		—	
266	280	280	14	5.4	—	—
(54)	0	12	66		12	
211	280	292	81	38.3	12	4.3
78	90	89	11		(1)	
133	190	203	70	52.5	13	6.8

Nonconsolidated

(Operating Results)

	A FY2018 1st Quarter	B FY2019 1st Quarter	B - A	
				%
Civil engineering	709	84	(625)	
Building construction	400	70	(330)	
Domestic	1,109	154	(955)	
Overseas	0	0	(0)	
Orders received	1,109	154	(955)	(86.1)
Civil engineering	235	260	25	
Building construction	407	453	46	
Domestic	642	714	72	
Overseas	4	1	(3)	
Net sales	645	714	69	10.7
Civil engineering	17	25	7	
(Ratio)	7.3%	9.4%	2.1%	
Building construction	32	41	8	
(Ratio)	7.9%	8.9%	1.0%	
Domestic	49	65	16	
(Ratio)	7.7%	9.1%	1.4%	
Overseas	0	0	(0)	
(Ratio)	9.3%	8.6%	(0.7%)	
Gross profit	50	65	15	30.9
(Ratio)	7.7%	9.1%	1.4%	
SG&A expenses	33	35	1	
Operating income	16	31	14	87.2
(Ratio)	2.5%	4.3%	1.8%	
Non-operating income - net	7	5	(2)	
Ordinary income	23	35	12	51.1
Extraordinary income - net	(0)	(1)	(1)	
Profit before income taxes	23	34	11	45.8
Income taxes and others	5	10	5	
Profit	18	24	6	32.9

(Forecasts of Operating Results for Full year)

C FY2018 Result	D FY2019 Initial Forecasts	E FY2019 Revised Forecasts	E - C		E - D	
				%		%
1,558	1,100	1,100	(458)		—	
2,981	2,400	2,400	(581)		—	
4,539	3,500	3,500	(1,039)		—	
1	100	100	99		—	
4,540	3,600	3,600	(940)	(20.7)	—	—
1,116	1,150	1,150	34		—	
1,950	2,260	2,260	310		—	
3,067	3,410	3,410	343		—	
4	10	10	6		—	
3,071	3,420	3,420	349	11.4	—	—
140	139	139	(1)		—	
12.5%	12.1%	12.1%	(0.4%)		—	
213	244	244	31		—	
10.9%	10.8%	10.8%	(0.1%)		—	
353	383	383	30		—	
11.5%	11.2%	11.2%	(0.3%)		—	
1	1	1	0		—	
20.4%	10.0%	10.0%	(10.4%)		—	
354	384	384	30	8.5	—	—
11.5%	11.2%	11.2%	(0.3%)		—	
143	154	154	11		—	
211	230	230	19	9.1	—	—
6.9%	6.7%	6.7%	(0.2%)		—	
7	4	4	(3)		—	
218	234	234	16	7.4	—	—
(16)	0	(1)	15		(1)	
202	234	233	31	15.4	(1)	(0.4)
60	74	73	13		(1)	
142	160	160	18	13.0	—	—